

# DRPT Public Transportation Funding Study - SJR 297

**Statewide Transit Meeting**

**September 6, 2012**

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## Presentation Overview

- ☐ Review and Recap
- ☐ Operating Assistance Methodology
- ☐ Capital Assistance Methodology
- ☐ Recommendations
- ☐ Next Steps

## Review & Recap

## Senate Joint Resolution No. 297

❑ DRPT has been directed to study transit-related issues:

- Performance
- Prioritization
- Stability
- Allocation

## General Assembly Initiative

“The study should determine if there should be a system in place to reward operator performance based upon specific performance criteria.”

– **Senate Joint Resolution No. 297**



## Study Approach

### ❑ Convened Funding Study Advisory Committee

- Committee included representatives from transit agencies of all sizes, Metropolitan Planning Organizations (MPO), localities, and Transportation Demand Management (TDM) agencies
- Committee meetings were open to the public and a formal public comment period was held
- Committee met five times since spring of 2011
- Committee provided feedback on current allocation system
- Committee reviewed various formula options and had direct input on the performance measures
- Committee had the opportunity to review and comment on the hybrid model and formula.



## Key SJR 297 Dates

- ❑ February 2011: General Assembly Approved SJR 297
- ❑ June 16, 2011: Kickoff meeting of Funding Study Advisory Committee
- ❑ August 3, 2011: Funding Study Advisory Committee meeting
- ❑ September 14, 2011: Funding Study Advisory Committee meeting
- ❑ May 7, 2012: Funding Study Advisory Committee meeting
- ❑ July 18, 2012: SJR297 CTB Briefing
- ❑ July 30, 2012: Funding Study Advisory Committee meeting
- ❑ September 6, 2012: Presentation of SJR297 findings to transit community



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## Study Approach

- ❑ Conducted best practice peer review
  - Formula distributions are more common than discretionary programs (30 states or 60% of state transit funds)
  - States tend to distinguish between capital and operating assistance
  - States frequently adopt different distribution methods for individual programs to address specific problems



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## Matching Support With Success

- ☐ Performance Matters
- ☐ Accountability
- ☐ Data Integrity
- ☐ Recognition for Innovation

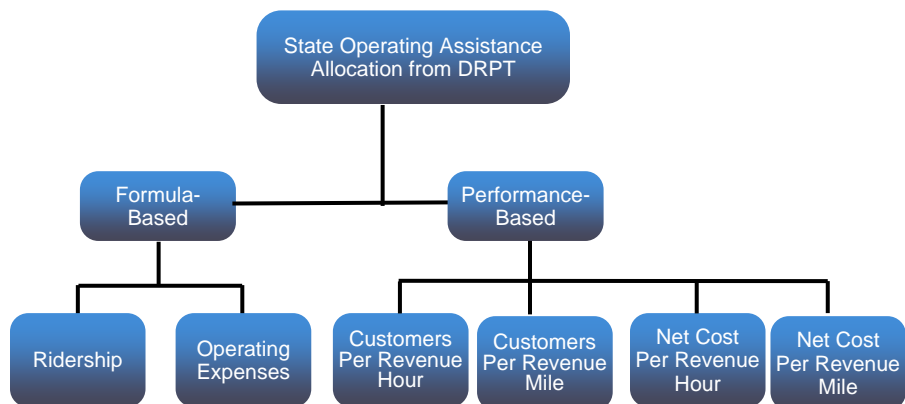
## Operating Assistance Methodology

## Current Operating Assistance Funding Allocation

### Current allocation is based on budget size

- ❑ Does not distribute funds based on area of revenue collection
- ❑ No direct link to the Commonwealth Transportation Board's policy goals
- ❑ The funding allocation is based on two year old data
- ❑ Ineligible versus eligible costs add unnecessary complexities
- ❑ Percentage of state allocation is unpredictable
- ❑ Data can be validated based on audited information

## Operating Assistance Hybrid Allocation Approach



## Formula-Based Allocation

Overall Funds allocated to metrics based on weights



Funds for each metric distributed proportionally to agencies based on relative magnitude

## Operating Assistance Formula-Based Funding

### ☐ Formula Metric 1: Ridership

**Definition** – Total annual customer trips.

### ☐ Formula Metric 2: Operating Expenses

**Definition** – Total annual operating expenses.

## Performance-Based Allocation

Peer groups of similar agencies created



Funds in each metric pool allocated to peer groups based on size



Funds in each peer group metric pool distributed to agencies based on performance

## Performance-Based Funding

### ☐ **Performance Metric 1: Customers per Revenue Hour**

**Definition** – The average number of customer boardings generated by each hour of revenue service.

**Calculation** –  $(\text{Annual Ridership}) / (\text{Total Annual Revenue Hours})$

### ☐ **Performance Metric 2: Customers per Revenue Mile**

**Definition** – The average number of customer boardings generated by each mile of revenue service.

**Calculation:**  $(\text{Annual Ridership}) / (\text{Total Annual Revenue Miles})$



## Performance-Based Funding

### □ Performance Metric 3: Net Cost per Revenue Hour

**Definition** – The average dollar amount of tax subsidy required for each hour of revenue service.

**Calculation** –  $(\text{Operating Cost} - \text{Agency-Generated Revenue}) / \text{Revenue Hours}$

### □ Performance Metric 4: Net Cost per Revenue Mile

**Definition** – The average dollar amount of tax subsidy required for each mile of revenue service.

**Calculation** –  $(\text{Operating Cost} - \text{Agency-Generated Revenue}) / \text{Revenue Miles}$

Available Funding by Group and Metric				
Performance Funds				
Group	Customers per Revenue Hour	Customer per Revenue Mile	Net Cost per Revenue Hour	Net Cost per Revenue Mile
Weight	0.125	0.125	0.125	0.125
A	\$7,183,085	\$7,183,085	\$7,183,085	\$7,183,085
B	\$8,729,325	\$8,729,325	\$8,729,325	\$8,729,325
C	\$1,092,097	\$1,092,097	\$1,092,097	\$1,092,097
D	\$663,575	\$663,575	\$663,575	\$663,575
E	\$34,410	\$34,410	\$34,410	\$34,410
Total	\$17,702,492	\$17,702,492	\$17,702,492	\$17,702,492

## Funding Example Similar Size

Agency	Customers Per Revenue Hour	Size Weight	Performance Weight	Allocation
A	28.07	0.87	1.23	\$169,317
B	37.22	0.89	1.62	\$229,105

## Funding Example Similar Performance

Agency	Customers Per Revenue Hour	Size Weight	Performance Weight	Allocation
A	20.71	1.04	0.96	\$873,971
B	20.57	1.45	0.95	\$1,204,169

## Operating Assistance Performance Driven Allocation

- ❑ Formation of Peer Groups
  - Service Area Population
  - Service Area Population Density
  - Ridership
  - Operating Cost
  - Peak Vehicles
  - Steel Wheeled vs. Rubber Wheeled

## Operating Assistance Performance-Based Allocation Draft Peer Group

A

WMATA Rail  
VRE  
Hampton Roads Transit - Rail

B

WMATA Bus  
Greater Richmond Transit Company  
Fairfax County  
Hampton Roads Transit - Bus  
City of Alexandria  
PRTC  
Arlington County  
Loudoun County Office of  
Transportation Service

## Operating Assistance Performance-Based Allocation Draft Peer Group

### C

Greater Roanoke Transit Company  
Charlottesville Area Transit  
Blacksburg Transit  
Greater Lynchburg Transit Company  
Williamsburg Area Transit Authority  
City of Harrisonburg Dept. of Public  
Transportation  
City of Fairfax  
City of Petersburg  
City of Winchester  
City of Radford

### VRT

JAUNT

FRED

District Three Public Transit

Bay Aging

AASC/Four County Transit

Danville Transit System

RADAR

Mountain Empire Older Citizens, Inc.

Farmville Area Bus

City of Bristol Virginia

Greene County Transit, Inc.

City of Suffolk

Pulaski Area Transit

### D



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## Operating Assistance Performance-Based Allocation Draft Peer Group

### E

Blackstone Area Bus  
Lake Area  
STAR Transit  
Town of Bluefield-Graham Transit  
Town of Alta Vista  
Town of Chincoteague



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# Capital Assistance Methodology

## Current Capital Assistance Funding and Allocation

### □ Mass Transit Trust Fund (MTTF)

- Twenty-five percent, approximately \$30M annually, of the MTTF
- Allocate based on non-federal share of project compared to total for all projects
- Application driven process
- No flexibility to prioritize funding
- All capital items under this program funded at the same blended rate as bonds, approximately 50%

### □ Mass Transit Capital Fund

- Bond funding will be exhausted by 2018
- Application driven process
- Flexibility to prioritize funding
- Ability to fund State of Good Repair at 80%  
(ex. rolling stock replacement and major mid-life overhauls)
- Ability to fund other capital items at blended rate of 50%  
(ex. Bus shelters, sidewalks, landscaping, etc)

## Recommended Capital Assistance Allocation

- ❑ Continue application driven process
- ❑ Allow flexibility to prioritize funding via a tiered approach
  - Example: Bus replacement and overhauls 20% total cost
  - Example: Bus shelters and bike racks 10% total cost
  - Example: Computers and landscaping 5% total cost
- ❑ Revisit funding priorities every three to five years
- ❑ Allow capital funds to supplement operating assistance

## Recommendations

## Recommendations

### ❑ Performance

- Revise the Code of Virginia to implement a hybrid formula and performance-based allocation system

### ❑ Prioritization

- Establish allocation processes that allow the CTB to prioritize capital investment decisions

### ❑ Stability

- Identify a source of transitional assistance to minimize impacts of implementing the new allocation system
- Establish a reserve fund to stabilize match ratios for capital and operating expenses

## Recommendations

### ❑ Allocation

- Allow capital and special programs funds to be used to supplement operating funds
- Funds may not be allocated without requiring a local match from the recipient

## Recommendations

### ☐ Capital and Operating Needs

- Document the gap between transit needs and available funding as part of the Statewide Transit and TDM Plan in order to advocate for increased funding to maximize the capacity of the existing infrastructure
- Findings will be incorporated into the SJ297 report

## Transition Period

- ☐ 2015 100% Transition Assistance Funding
- ☐ 2016 50% Transition Assistance Funding
- ☐ 2017 100% Performance Based Funding Allocation



## Next Steps

## Next Steps

- ❑ September
  - Finalize Funding Allocation Model
  - Complete SJR297 Draft Report
- ❑ October
  - Present Final Report to the Commonwealth Transportation Board
- ❑ November
  - SJR297 Final Report and Submit to General Assembly